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CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

December 11, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

- 1) Receive supporting documentation into the record, and hold a public hearing to receive public comment;
- 2) Adopt a resolution to form City of Long Beach Community Facilities District (CFD) No. 2007-2 (Belmont Shore), authorize the levy of Special Tax within the CFD, preliminarily establish an annual appropriations limit for the CFD, and submit the special tax levy and establishment of the appropriations limit to qualified electors of the CFD;
- 3) Adopt a resolution to determine the necessity to incur bonded indebtedness in City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore); and
- 4) Adopt a resolution calling a special election within the CFD. (District 3)

DISCUSSION

In 1988, the City Council formed the City of Long Beach Community Facilities District No. 1 (Belmont Shore) (CFD 1) to provide a means to finance parking improvements in the Belmont Shore area of the City. CFD 1 was authorized to levy a special tax on commercial property located within CFD 1, and the revenues from that special tax, along with revenues derived from parking meters in the Belmont Shore area, have been used to finance various parking and related improvements, as well as to pay debt service on parking meter revenue bonds issued by the City in 1993 to finance parking improvements in that area. The Parking Commission has now identified an additional parking lot located at 189 Park Avenue that it would like the City to acquire and improve in the Belmont Shore area, and alley way improvements that need to be made to enhance parking in the area, and would like to raise funds to finance those improvements. The current CFD 1 does not have the clear authority to fund these new improvements. City staff, working with various financial and legal consultants, have determined that the most efficient and economical way to provide funds for the new

improvements is for the City to form a new community facilities district (CFD) under the authority of the City's Special Tax Financing Improvement Law. The new CFD will have boundaries (that set forth the area to be taxed by the CFD) the same as those for CFD 1 and will have maximum tax rates the same as for CFD 1, and is being formed for the express purpose of financing the purchase of the parking lot, refinancing the 1993 bonds and allowing for possible future financing of additional parking improvements.

On November 13, 2007, the City Council adopted two resolutions of intention with respect to the formation of the new CFD. RES-07-1308 is the resolution of intention to establish the new CFD No. 2007-2 (Belmont Shore), and approved the boundaries for the proposed CFD, determined the rate and method of apportionment of special taxes to be levied in the new CFD, and initiated proceedings to levy the special tax in the proposed CFD, including calling for a public hearing on December 11, 2007 regarding the formation of the CFD. RES-07-1309, is the resolution of intention to establish the maximum bonded indebtedness for the CFD at \$5.8 million, which also called for a public hearing on December 11, 2007 regarding the necessity to incur bond indebtedness for the CFD.

The Community Facilities District Report (Attachment A) describes the facilities proposed to be funded by the CFD and the 1993 bonds proposed to be refinanced by the CFD, as well as the proposed boundaries of the CFD and cost estimates.

If the Resolution of Formation of the CFD is adopted, the CFD will be formed and the City Council will be authorized to levy special taxes for the CFD in accordance with the Rate and Method of Apportionment of Special Tax, as preliminarily approved by the resolution of intention to form the CFD, subject to the approval of the owners of land in the CFD at an election described below. These special taxes will be levied on commercial property located in the CFD, and will be used to pay the debt service on bonds to be issued by the City for the CFD, or for costs of CFD authorized facilities directly. The special tax would be levied each fiscal year in an amount sufficient to pay all annual costs of the CFD, including any CFD bond debt service.

It is expected that the special taxes to be levied annually in the new CFD will be at the same rate as those currently levied in CFD 1 (12¢ per commercial square foot of land), and that parking meter revenues from the Belmont Shore area in the amount of \$200,000 per fiscal year also will be used to assist in the payment of bonds to be issued for the new CFD. Once the new CFD is established, the City will take action to terminate the current CFD 1, so the property in the new CFD will only be subject to a single special tax levy for the new CFD. The current maximum special tax rate for CFD 1 is 66¢ per square foot of commercial land in CFD 1, and it is proposed that the new CFD have the same maximum special tax rate; however, it is contemplated that the initial bonded debt of the new CFD will only require the same 12¢ per commercial square foot of commercial land annual rate (in addition to \$200,000 of annual parking meter revenues) to service the bonds to be issued to finance the new parking lot and related improvements and to refinance the 1993 bonds.

By adopting the Resolution Determining the Necessity to Incur Indebtedness, the City Council deems it necessary to incur bonded indebtedness in the maximum aggregate principal amount of \$5,800,000 within the CFD. As specified in the proposed resolution, the bonds for the CFD will bear interest at rates not to exceed the maximum interest rate permitted by applicable law at the time of sale of the bonds. Further details on the proposed bond debt such as its form, execution and issuance, will be brought back to the City Council for approval at a later date as required by Long Beach Municipal Code 3.52.569.

By the City Council adopting the Resolution Calling for the Special Election, the election for the establishment of the CFD, the levy of the special tax in the CFD and the incurrence of bonded debt for the CFD will be held by mail ballot sent to the owners of property in the CFD, with ballots to be returned by 5:00 p.m. on March 3, 2008. If the election is favorable (two thirds or more of the votes cast in the election are in favor of the ballot measure), the City Council may declare the CFD to be officially formed, with the power to levy special taxes on commercial property in the CFD and to issue bonds for CFD authorized purposes. Each landowner in the new CFD will be entitled to one vote for each acre or portion of an acre that the landowner owns that is within the boundaries of the new CFD.

This item was reviewed by Assistant City Attorney Heather A. Mahood on November 30, 2007 and Budget Management Officer Victoria Bell on November 26, 2007.

TIMING CONSIDERATIONS

City Council action on this item is requested on December 11, 2007, to support the activities and formation of the CFD, so that the financing of the proposed parking improvements can occur in the late Spring of 2008.

FISCAL IMPACT

There is no fiscal impact to the City associated with the requested action. All bond proceeds and revenue from the CFD will be collected in, and expended from, CFD trust accounts. All expenses related to the formation of the CFD will either be paid from the proceeds of bonds issued for the CFD or from amounts currently available in the Belmont Shore Parking Revenue Fund.

HONORABLE MAYOR AND CITY COUNCIL
December 11, 2007
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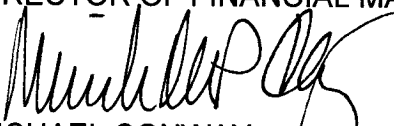
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



MICHAEL CONWAY
ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

LAF:DN
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APPROVED:



 PATRICK H. WEST
CITY MANAGER

ATTACHMENTS: COMMUNITY FACILITIES DISTRICT REPORT
THREE (3) RESOLUTIONS

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH CALLING SPECIAL ELECTION
5 WITHIN THE CITY OF LONG BEACH COMMUNITY
6 FACILITIES DISTRICT NO. 2007-2 (BELMONT SHORE)
7

8 WHEREAS, on this date, this City Council adopted a resolution entitled "A
9 Resolution of the City Council of the City of Long Beach of Formation of the City of Long
10 Beach Community Facilities District No. 2007-2 (Belmont Shore), Authorizing the Levy of
11 a Special Tax Within the District, Preliminarily Establishing An Appropriations Limit for the
12 District, and Submitting Levy of the Special Tax and the Establishment of the
13 Appropriations Limit to the Qualified Electors of the District" (the "Resolution of
14 Formation"), ordering the formation of the City of Long Beach Community Facilities
15 District No. 2007-2 (Belmont Shore) (the "District"), authorizing the levy of a special tax
16 on property within the District and preliminarily establishing an appropriations limit for the
17 District;

18 WHEREAS, on this date, this City Council also adopted a resolution entitled
19 "A Resolution of the City Council of the City of Long Beach Determining the Necessity to
20 Incur Bonded Indebtedness Within the City of Long Beach Community Facilities District
21 No. 2007-2 (Belmont Shore) and Submitting Proposition to the Qualified Electors of the
22 District" (the "Resolution to Incur Indebtedness"), determining the necessity to incur
23 bonded indebtedness in the maximum aggregate principal amount of \$5,800,000 for the
24 District upon the security of the special tax to be levied within the District; and

25 WHEREAS, pursuant to the provisions of said resolutions, the propositions
26 of the levy of said special tax, the establishment of the appropriations limit and the
27 incurring of the bonded indebtedness for the District are to be submitted to the qualified
28 electors of the District as required by the Long Beach Special Tax Financing

1 Improvement Law, Long Beach Municipal Code Section 3.52.511 et seq. (the "Law");

2 NOW, THEREFORE, the City Council of the City of Long Beach resolved
3 as follows:

4 Section 1. Pursuant to Sections 3.52.5217, 3.52.566, 3.52.568 and
5 3.52.5216 of the Law, the issues of the levy of said special tax, the incurring of bonded
6 indebtedness and the establishment of an appropriations limit for the District shall be
7 submitted to the qualified electors of the District at an election called therefor as provided
8 below.

9 Section 2. As authorized by Section 3.52.568 of the Law, the three
10 propositions described in paragraph 1 above shall be combined into a single ballot
11 measure, the form of which measure is attached hereto as Exhibit A which Exhibit is, by
12 this reference, incorporated herein. The form of ballot is hereby approved.

13 Section 3. This City Council hereby finds that fewer than 12 persons
14 have been registered to vote within the territory of the District for each of the ninety (90)
15 days preceding the close of the public hearings heretofore conducted and concluded by
16 this City Council for the purposes of these proceedings, based upon a review of voter
17 registration materials by the City Clerk's office. Accordingly, and pursuant to Section
18 3.52.5217 B. of the Law, this City Council finds that for purposes of these proceedings
19 the qualified electors for the District are the landowners within the District as of the close
20 of the public hearing referred to in the recitals above, and that the vote shall be by said
21 landowners or their authorized representatives, each having one vote for each acre or
22 portion thereof such landowner owns in the District as of the close of the public hearings
23 referred to in the recitals above.

24 Section 4. This City Council hereby calls a special election to consider
25 the measure described in Section 2 above, which election shall be held on March 3,
26 2008. The City Clerk is hereby designated as the official to conduct said election. It is
27 hereby acknowledged that the City Clerk has on file the Resolution of Formation, a map
28 of the proposed boundaries of the District, and a sufficient description to allow the City

1 Clerk to determine the boundaries of the District.

2 The voted ballots shall be returned to the City Clerk no later than 5:00 p.m.
3 on March 3, 2008; provided, however, that if all of the qualified electors have voted, the
4 election may be closed and canvassed prior to such time and date.

5 Section 5. Pursuant to Sections 3.52.5217 B. and D., and 3.52.5218 A.
6 of the Law, the election shall be conducted by mail ballot pursuant to the Law, and
7 applicable provisions of the City's Charter and Municipal Code and the California
8 Elections Code.

9 Section 6. The City Council hereby directs the City Clerk to take all
10 actions necessary under the Law and the Elections Code, including publication of a
11 notice of time limit to submit ballot arguments, to conduct the election.

12 The City Clerk shall cause to be delivered to the qualified electors of the
13 District ballots in the form set forth in Exhibit A hereto. Each ballot shall be accompanied
14 by all supplies and written instructions necessary for the use and return of the ballot. The
15 envelope to be used to return ballot shall be enclosed with the ballot, with the return
16 postage prepaid, and shall contain the following: (a) the name and address of the
17 landowner, (b) a declaration, under penalty of perjury, stating that the voter is the owner
18 of record or authorized representative of the landowner entitled to vote and is the person
19 whose name appears on the envelope, (c) the printed name, signature and address of
20 the voter, (d) the date of signing and place of execution of the declaration pursuant to
21 clause (b) above, and (e) a notice that the envelope contains an official ballot and is to be
22 opened only by the City Clerk.

23 Bond Counsel to the City for the District is hereby directed to prepare an
24 impartial analysis to accompany each ballot. Arguments and rebuttals, if any, shall also
25 be included with the ballot materials, as required by the Elections Code and the Law.

26 Section 7. The City Clerk shall accept the ballots of the qualified electors
27 received at or prior to 5:00 p.m. on March 3, 2008, whether the ballots be personally
28 delivered or received by mail. The City Clerk shall have available ballots which may be

1 marked on the election day by the qualified electors.

2 Section 8. Pursuant to the Local Agency Special Tax and Bond
3 Accountability Act, Sections 50075.1 et. seq. and Sections 53410 et. seq. of the
4 California Government Code, (a) the ballot measure referred to in Sections 2 and 4
5 above contains a statement indicating the specific purposes of the special tax, the
6 proceeds of the special tax will be applied only to the purposes specified in the ballot
7 measure, there shall be created by the City Treasurer an account into which proceeds of
8 the special tax levies for the District will be deposited (which need not be a separate bank
9 account, but which may be a separate general ledger account so long as such proceeds
10 can be separately accounted for, or may be accounts held by a fiscal agent on behalf of
11 the City), and the City Treasurer is hereby directed to provide an annual report to this City
12 Council as required by Section 50075.3 of the California Government Code; and (b) the
13 ballot measure contains a statement indicating the specific purposes of the bonds
14 referenced in the ballot measure, the proceeds of the bonds will be applied only to the
15 purposes specified in the ballot measure, there shall be created by the City Treasurer an
16 account into which the proceeds of the bonds will be deposited (which need not be a
17 separate bank account, but which may be a separate general ledger account so long as
18 such proceeds can be separately accounted for, or may be an account held by a fiscal
19 agent on behalf of the City), and the City Treasurer is hereby directed to provide an
20 annual report to this City Council as required by Section 53411 of the California
21 Government Code.

22 Section 9. The City Clerk is hereby directed to cause to be published in a
23 newspaper of general circulation circulating within the District a copy of this Resolution
24 and a copy of the Resolution to Incur Indebtedness, as soon as practicable after the date
25 of adoption of this Resolution.

26 Section 10. This resolution shall take effect immediately upon its adoption
27 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

28 I hereby certify that the foregoing resolution was adopted by the City

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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Council of the City of Long Beach at its meeting of _____, 2007, by the following vote:

Ayes: Councilmembers:

Noes: Councilmembers:

Absent: Councilmembers:

City Clerk

HAM:fl
11/26/07
#07-05656

EXHIBIT A

CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(BELMONT SHORE)

OFFICIAL BALLOT

Special Tax and Bond Election

This ballot is for a special, landowner election. You must return this ballot in the enclosed postage paid envelope to the City Clerk of the City of Long Beach no later than 5:00 p.m. on March 3, 2008, either by mail or in person. The City Clerk's office is located at 333 West Ocean Boulevard, Long Beach, California 90802-4664.

To vote, mark a cross (X) on the voting line after the word "YES" or after the word "NO". All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void. The number of votes to be voted pursuant to this ballot are as indicated on the return envelope that accompanies this ballot.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Long Beach and obtain another.

BALLOT MEASURE A: Shall the City of Long Beach (the "City") incur an indebtedness and issue bonds in one or more series in the maximum aggregate principal amount of \$5,800,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law at the time of sale of such bonds on behalf of the City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore) (the "District"), the proceeds of which will be used only to finance the costs of certain parking facilities and improvements (the "Facilities") and of the refinancing of certain bonds (the "1993 Bonds"), as specified in the Resolution of Formation of the District, and to pay the costs of issuing the bonds, initially administering the bonds and the District as well as the establishment of appropriate bond reserves; shall a special tax payable solely from lands within the District be levied annually upon lands within the District to be applied to pay the costs of the Facilities directly, to pay the principal and interest on any bonds issued for the District, to replenish the reserves for the bonds, and to pay the costs of the City in administering the District; and shall the annual appropriations limit of the District be established in the initial amount of \$5,800,000?

Yes: ____

No: ____